

NEW APPLICATION

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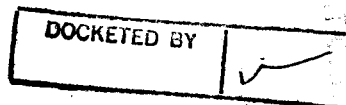
DOCKET NO. E-01703A.98-0469

August 21, 1998

DOCKETED

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Docket Control
Arizona Corporation Commission
1200 West Washington
Phoenix, Arizona 85007



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AZ CORP COMMISSION
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Re: Duncan Valley Electric Cooperative,
Inc. ("Duncan Valley") Stranded Cost
Filing and Request for Waiver of
Rules; Docket No. E-01703A

Dear Sir/Madam:

Pursuant to Decision No. 60977 (the "Decision"), Duncan Valley submits this filing and waiver request concerning its Stranded Costs.

Both the Decision and the Commission's Electric Competition Rules (R14-2-1607.D) require a filing as to Duncan Valley's estimated Stranded Costs by August 21, 1998. However, as a distribution cooperative, Duncan Valley has no basis at the current time to file an estimate concerning its distribution related Stranded Costs.

For example, Duncan Valley has approximately \$250,000 invested in meters. At present, prior to the introduction of competition, it has no way of knowing or estimating how much of this investment may be stranded by the allowance of competitive metering services in its territory. The same dilemma exists concerning potentially stranded equipment, computer and/or personnel related costs and expenses in the meter reading, billing and collection service areas.

As to potential generation related Stranded Costs, Duncan Valley is a Class A Member of the Arizona Electric Power Cooperative, Inc. ("AEPCO") and receives all of its power and energy from AEPCO pursuant to an all requirements agreement. AEPCO is submitting a filing concerning recovery of its regulatory assets and transition revenue requirements. A favorable ruling on that filing should address any potential Stranded Costs Duncan Valley has in relation to AEPCO's transition revenues and regulatory assets. However, should inadequate allowance be made for these costs in relation to AEPCO's filing, Duncan Valley reserves the right to make such filings as necessary to supplement the recoveries allowed AEPCO.

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For these reasons, Duncan Valley requests a waiver of A.A.C. R14-2-1607.D and requests that it be allowed to make a filing concerning its Stranded Costs, if any, at such future time as competitive services are offered in its service area and it has had an opportunity reasonably to evaluate and estimate Stranded Costs.

This filing is submitted without waiver of and specifically reserving the issues and points raised in Duncan Valley v. Arizona Corp. Comm., (Maricopa County Superior Court Case No. CV97-03922) and Duncan Valley's Application for Rehearing and Request for Stay of Decision No. 60977 dated July 10, 1998.

Very truly yours,



By

Michael M. Grant

Original and 10 copies
filed with Docket Control.

Copy mailed to all parties of
record in Docket No. RE-00000C-94-0165,
Decision No. 60977.